

FILE

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of : Case Nos. 11-346-EL-SSO
Columbus Southern Power Company and : 11-348-EL-SSO
Ohio Power Company for Authority to :
Establish a Standard Service Offer :
Pursuant to § 4928.143, Ohio Rev. Code, :
in the Form of an Electric Security Plan. :

In the Matter of the Application of :
Columbus Southern Power Company and : Case Nos. 11-349-EL-AAM
Ohio Power Company for Approval of : 11-350-EL-AAM
Certain Accounting Authority. :

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PREFILED TESTIMONY
OF
PETER BAKER
ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO
SERVICE MONITORING AND ENFORCEMENT DEPARTMENT
RELIABILITY & SERVICE ANALYSIS DIVISION

STAFF EX. ____

August 4, 2011

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1 1. Q. Please state your name and business address.

2 A. My name is Peter Baker. My address is 180 E. Broad Street, Columbus,
3 Ohio 43215-3793.

4
5 2. Q. By who are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio.

7
8 3. Q. What is your present position with the Public Utilities Commission of Ohio
9 and what are your duties?

10 A. I am a section chief in the Reliability and Service Analysis Division of the
11 Service Monitoring and Enforcement Department. My section analyzes
12 reliability and service quality performance, and enforces reliability, service
13 quality, and consumer protection rules for electric, gas, and water utilities.
14 This includes analyzing and assessing the electric reliability and main-
15 tenance performance of electric distribution utilities. In addition, my sec-
16 tion audits plant additions for cost recovery through gas main replacement
17 and electric smart grid riders, and also audits Columbus Southern Power
18 Company (CSP) and Ohio Power Company (OP) (collectively the Com-
19 panies) vegetation maintenance costs for recovery through its Enhanced
20 Service Reliability (ESR) Rider. Finally, my section collects and analyzes
21 data concerning the vegetation management performance of Ohio's seven
22 investor-owned electric utilities.

1 4. Q. Would you briefly state your educational background and work history?

2 A. I have bachelor's degrees in Psychology (1967) and Philosophy (1971)

3 from the University of Oklahoma, and a 1987 bachelor's degree in Business

4 Administration (with major in Accounting) from Franklin University.

5 From 1972 to 1986, I was employed by Dowell Division of Dow Chemical

6 Company (an oil field service operation later called Dowell Schlumberger)

7 where I functioned as clerk/dispatcher and administrative assistant. In

8 1987, I joined the PUCO, where I worked as an analyst and coordinator in

9 the Performance Analysis Division of the Utilities Department. In

10 December of 1994, I was promoted to Administrator in the Consumer Ser-

11 vices Department (now called the Service Monitoring and Enforcement

12 Department), and assigned to the Compliance Division (now the Facilities

13 and Operations Field Division). In that organization, I enforced electric,

14 gas, and telephone service quality, customer service, and consumer protec-

15 tion rules. In 1997, I was transferred to the Service Quality and Analysis

16 Division (now called the Reliability and Service Analysis Division), and in

17 2000, I was promoted to my current position and duties.

18
19 5. Q. What is the purpose of your testimony in this case?

20 A. My testimony addresses the Enhanced Service Reliability Rider proposals

21 that the Companies made as part of their Electric Security Plan (ESP) in

22 this case.

1 6. Q. What is the purpose of the Enhanced Service Reliability Rider?

2 A. The ESR Rider's purpose is to improve the Companies' reliability by
3 reducing the frequency of service interruptions caused by trees.
4

5 7. Q. How does the Enhanced Service Reliability Rider function to accomplish
6 this purpose?

7 A. The ESR Rider enables AEP Ohio to recover the incremental costs associ-
8 ated with transitioning to a cyclical based vegetation management program
9 whereby it would trim the trees on all of its distribution circuits at least
10 once every four years.
11

12 8. Q. Is AEP Ohio on schedule in implementing this transition?

13 A. Yes. The Companies had planned to trim 500 circuits by the end of year
14 2010, and have exceeded that goal by trimming 504 circuits during the first
15 two years of their five-year transition period.¹
16

17 9. Q. Do you believe the transition to date has been effective in reducing the fre-
18 quency of service interruptions caused by trees?

¹ *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company To Update Their Enhanced Service Reliability Riders*, Case No. 11-1361-EL-RDR (*In re ESR Riders*) (Response to Staff Data Request 12).

1 A. Yes. During the first two years of the transition period, the Companies
2 have experienced a 21 percent reduction in outages caused by trees in the
3 right-of-way compared to such outages during the prior three-year period.²
4

5 10. Q. What are the Companies proposing for the Enhanced Service Reliability
6 Rider in this case?

7 A. The Companies are proposing: (1) to recover through the ESR Rider the
8 incremental costs of completing the last two years (2012 and 2013) of their
9 transition to a four-year trim cycle³; and (2) to adopt a single rate for the
10 ESR Rider across both Companies.⁴
11

12 11. Q. Does the Staff support the Companies' proposal to recover through the
13 Enhanced Service Reliability Rider the incremental costs of completing the
14 last two years of the five-year transition?

15 A. Yes, the Staff supports recovery of these 2012 and 2013 incremental transi-
16 tion costs through the ESR Rider.
17

2 *In re ESR Riders* (Response to Staff Data Request 36).

3 Companies Witness Thomas Kirkpatrick's testimony, page 8.

4 Companies Witness Andrea Moore's testimony, pages 9 and 10.

1 12. Q. Does the Staff believe that the Enhanced Service Reliability Rider should
2 be used to recover any costs associated with implementing the Companies'
3 planned four-year cycle vegetation management program beginning in
4 2014?

5 A. No. The Staff believes that all costs associated with the four-year cycle
6 program should be recovered through base rates as determined in Case Nos.
7 11-351-EL-AIR and 11-352-EL-AIR. Although the five-year transition
8 was a special project meriting accelerated cost recovery, the four-year cycle
9 vegetation program constitutes a return to normal operations, the cost of
10 which should be recovered through base rates.

11
12 13. Q. Would the Staff recommend additional amounts in the Companies' base
13 rate cases to fund the additional cost of a four-year cycle vegetation man-
14 agement program?

15 A. As part of those base rate proceedings, the Staff is investigating the suffi-
16 ciency of test-year O&M Expense to fund the Companies' planned four-
17 year cycle program. If the Staff finds that test-year O&M Expense is insuf-
18 ficient to support the planned program, it would recommend additional
19 amounts to support the program's cost.

20
21 14. Q. How would the Staff prevent double recovery of vegetation management
22 costs (involving base rates and the Enhanced Service Reliability Rider)

1 during the last two years of the transition period, which overlaps the antici-
2 pated first two years under new base rates?

3 A. For years 2012 and 2013, when the ESR Rider is anticipated to overlap the
4 new base rates, the Staff plans to recommend a downward adjustment to the
5 ESR Rider in the annual “true up” filings to eliminate any vegetation man-
6 agement O&M Expense that already would have been recovered through
7 the new base rates.

8
9 15. Q. How would the Staff ensure that the Companies would continue
10 implementing their four-year cycle vegetation management program in
11 future years?

12 A. The Staff plans to recommend in the base rate cases that the Commission
13 order the Companies file for approval a revised vegetation management
14 program, which specifies that, AEP Ohio will trim all of its distribution cir-
15 cuits from end-to-end every four years beginning in year 2014.

16
17 16. Q. What is the Staff’s position concerning AEP Ohio’s proposal to adopt a
18 single rate for the Enhanced Service Reliability Rider across both operating
19 companies?

20 A. CSP and OP each have different rates for the ESR Rider, and the Staff
21 believes that these company-specific rates should continue pending a

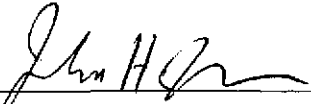
1 Commission Order on the Companies' merger application in Case No. 10-
2 1261-EL-UNC.

3
4 14. Q. Does this conclude your testimony?

5 A. Yes it does.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prefiled Testimony of Peter Baker**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following Parties of Record, this 4th day of August, 2011.



John H. Jones
Assistant Attorney General

Parties of Record:

Matthew J. Satterwhite
Steven T. Nourse
American Electric Power
1 Riverside Plaza
Columbus, OH 43215
mjsatterwhite@aep.com
stnourse@aep.com

Daniel Conway
Porter, Wright, Morris & Arthur
41 South High Street
Columbus, OH 4321
dconway@porterwright.com

**ON BEHALF OF COLUMBUS SOUTHERN
POWER COMPANY AND OHIO POWER
COMPANY**

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45840
cmooney2@columbus.rr.com

**ON BEHALF OF OHIO PARTNERS FOR
AFFORDABLE ENERGY**

Dorothy Corbett
Duke Energy Ohio
139 East Fourth Street
Suite 1303
P.O. Box 960
Cincinnati, OH 45201
dorothy.corbett@duke-energy.com

Philip P. Sineneng
Thompson Hine
41 South High Street, Suite 1700
Columbus, OH 43215
Phillip.sineneng@thompsonhine.com

ON BEHALF OF DUKE ENERGY RETAIL SALES

Michael Smalz
Joseph Maskovyak
Ohio Poverty Law Center
555 Buttles Avenue
Columbus, OH 43215-1137
msmalz@ohiopoverlaw.org
jmaskovyak@ohiopoverlaw.org

**ON BEHALF OF THE APPALACHIAN PEACE
AND JUSTICE NETWORK**

David Boehm
Michael L. Kurtz
Boehm Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202
dboehm@bkllawfirm.com
mkurtz@bkllawfirm.com

ON BEHALF OF THE OHIO ENERGY GROUP

John Bentine
Mark Yurick
Chester Willcox & Saxbe
65 East State Street
Suite 100
Columbus, OH 43215
jbentine@cwslaw.com
myurick@cwslaw.com

ON BEHALF OF THE KROGER CO.

Lisa G. McAlister
Matthew W. Warnock
Bricker & Eckler
100 South Third Street
Columbus, OH 43215-4291
lmcalister@bricker.com
mwarnock@bricker.com

ON BEHALF OF OMA ENERGY GROUP

Jay E. Jadwin
American Electric Power Service Corp.
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
jedjadwin@aep.com

ON BEHALF OF AEP RETAIL ENERGY PARTNERS

Terry Etter
Maureen R. Grady
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215
etter@occ.state.oh.us
grady@occ.state.oh.us

ON BEHALF OF THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

Richard L. Sites
Ohio Hospital Association
155 East Broad Street, 15th Floor
Columbus, OH 43215
ricks@ohanet.com

Thomas J. O'Brien
Bricker & Eckler
100 South Third Street
Columbus, OH 43215-4291
tobrien@bricker.com

ON BEHALF OF OHIO HOSPITAL ASSOCIATION

Terrence O'Donnell
Christopher Montgomery
Bricker & Eckler
100 South Third Street
Columbus, OH 43215
todonnell@bricker.com
cmontgomery@bricker.com

ON BEHALF OF PAULDING WIND FARM II AND THE DISTRIBUTED WIND ENERGY ASSOCIATION

Gregory Poulos
EnerNOC, Inc.
101 Federal Street
Suite 1100
Boston, MA 02110
gpoulos@enernoc.com

ON BEHALF OF ENERNOC, INC.

Tara Santarelli
Environmental Law & Policy Center
1207 Grandview Avenue
Suite 201
Columbus, OH 43212
tsantarelli@elpc.org

**ON BEHALF OF THE ENVIRONMENTAL LAW
& POLICY CENTER**

Glen Thomas
1060 First Avenue
Suite 400
King of Prussia, PA 19406
gthomas@gtpowergroup.com

Laura Chappelle
4218 Jacob Meadows
Okemos MI 48864
laurac@chappellconsulting.net

**ON BEHALF OF PJM POWER PROVIDERS
GROUP**

William L. Massey
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
wmassey@cov.com

Joel Malina
Compete Coalition
1317 F Street, N.W.
Washington, D.C. 2004
malina@wexlerwalker.com

**ON BEHALF OF THE COMPETE
COALITION**

Mark A. Hayden
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

James F. Lang
Laura McBride
N. Trevor Alexander
Calfee Halter & Griswold
800 Superior Avenue
Cleveland, OH 44114
jlang@calfee.com
lmcbride@calfee.com
talexander@calfee.com

David Kutik
Jones Day
North Point
901 Lakeside Avenue
Cleveland, OH 44114
dakutik@jonesday.com

Allison E. Haedt
Jones Day
P.O. Box 165017
Columbus, OH 43216-5017
aehaedt@jonesday.com

**ON BEHALF OF FIRSTENERGY SOLUTIONS
CORP.**

M. Howard Petricoff
Stephen M. Howard
Vorys, Sater, Seymour and Pease
52 East Gay Street
P.O. Box 1008
Columbus, OH 43215-1008
mhpetricoff@vorys.com
smhoward@vorys.com

**ON BEHALF OF PJM POWER PROVIDERS
GROUP AND THE RETAIL ENERGY SUPPLY
ASSOCIATION**

Douglas G. Bonner
Emma F. Hand
Keith C. Nusbaum
Sonnenschein Nath & Rosenthal
1301 K Street, N.W.
Suite 600 East Tower
Washington, D.C. 20005
doug.bonner@snrdenton.com
emma.hand@snrdenton.com
keith.nusbaum@snrdenton.com

ON BEHALF OF ORMET PRIMARY ALUMINUM CORPORATION

M. Howard Petricoff
Michael J. Settineri
Vorys, Sater, Seymour and Pease
52 East Gay Street
P.O. Box 1008
Columbus, OH 43215-1008
mhpetricoff@vorys.com
mjsettineri@vorys.com

**ON BEHALF OF CONSTELLATION
NEWENERGY, INC., CONSTELLATION ENERGY
COMMODITIES GROUP, INC., AND THE
COMPETE COALITION**

Samuel C. Randazzo
Frank P. Darr
Joseph E. Oliker
McNees Wallace & Nurick
21 East State Street, 17th Floor
Columbus, OH 43215
sam@mcwncmh.com
fdarr@mcwncmh.com
joliker@mcwncmh.com

**ON BEHALF OF INDUSTRIAL ENERGY USERS-
OHIO**

Henry W. Eckhart
1200 Chambers Road
Suite 106
Columbus, OH 43212
henryeckhart@aol.com

Shannon Fisk
Natural Resources Defense Council
2 North Riverside Plaza, Suite 2250
Chicago, IL 60606
sfisk@nrdc.org

**ON BEHALF OF THE NATURAL RESOURCES
DEFENSE COUNCIL AND THE SIERRA CLUB**

David Fein
Cynthia Fonner Brady
Constellation Energy Resources
550 West Washington Boulevard
Suite 300
Chicago, IL 60661
david.fein@constellation.com
cynthia.brady@constellation.com

**ON BEHALF OF CONSTELLATION
NEWENERGY, INC. AND CONSTELLATION
ENERGY COMMODITIES GROUP, INC.**

Barth Royer
Bell & Royer
33 South Grant Avenue
Columbus, OH 43215-3927
barthroyer@aol.com

Gary A. Jeffries
Dominion Resources Services, Inc.
501 Martindale Street, Suite 400
Pittsburgh, PA 15212-5817
gary.a.jeffries@aol.com

ON BEHALF OF DOMINION RETAIL

Pamela A. Fox/C. Todd Jones
Steven J. Smith/Christopher Miller
Gregory Dunn/Asim Haque
Schottenstein Zox and Dunn
250 West Street, Suite 500
Columbus, OH 43215
pfox@szd.com
cmiller@szd.com
gdunn@szd.com
ahaque@szd.com

**ON BEHALF OF THE CITY OF HILLIARD,
OHIO, THE CITY OF GROVE CITY, OHIO, AND
THE ASSOCIATION OF INDEPENDENT
COLLEGES AND UNIVERSITIES OF OHIO**

Kenneth P. Kreider
Keating Muething & Klekamp
One East Fourth Street
Suite 1400
Cincinnati, OH 45202
gkreider@kkmklaw.com

Holly Rachel Smith
Hitt Business Center
3803 Rectortown Road
Marshall, VA 20115-3338
holly@raysmithlaw.com

Steve W. Chriss
Wal-Mart Stores, Inc.
Bentonville, AR 72716-0550
stephen.chriss@wal-mart.com

**ON BEHALF OF WAL-MART STORES EAST
AND SAM'S EAST**

Sandy Grace
Exelon Business Services Company
101 Constitution Avenue, N.W.
Suite 400 East
Washington, D.C. 20001
sandy.grace@exeloncorp.com

Jesse A. Rodriguez
Exelon Generation Company
300 Exelon Way
Kennett Square, PA 19348
jesse.rodriguez@exeloncorp.com

M. Howard Petricoff
Vorys, Sater, Seymour and Pease
52 East Gay Street
P.O. Box 1008
Columbus, OH 43215-1008
mhpetricoff@vorys.com

David M. Stahl
Arin C. Aragona
Scott C. Solberg
Elmer Stahl Klevorn & Solberg
224 South Michigan Avenue
Suite 1100
Chicago, IL 60604

Anastasia Polek-O'Brien
Exelon Generation Company
10 South Dearborn Street, 49th Floor
Chicago, IL 60603

**ON BEHALF OF EXELON GENERATION
COMPANY**

Nolan Moser
Trent A. Dougherty
Ohio Environmental Council
1207 Grandview Avenue
Suite 201
Columbus, OH 43212-3449
nolan@theoec.org
trent@theoec.org

**ON BEHALF OF THE OHIO ENVIRONMENTAL
COUNCIL**